

Robert W. Seiden

Court-Appointed Temporary Receiver for Link Motion Inc.
Pursuant to The Honorable Judge Victor Marrero of the
United States District Court, Southern District of New York

Robert W. Seiden, Esq. | The Seiden Group
469 7th Avenue, 5th Floor, New York, New York 10036
Tel: (646) 766-1724, Email: rseiden@seidenlegal.com

VIA FAX (212) 805-6382

Hon. Victor Marrero
Suite 1040
United States Courthouse
500 Pearl Street
New York, New York 10007

November 15, 2019

Re: *Wayne Baliga v. Link Motion Inc. et al.*, 1:18-c-11642

Dear Honorable Judge Marrero,

I write regarding the motion to intervene submitted by **AI Capital China** on November 1, 2019 (Dkt. 111).

I have read this motion and discussed with counsel. We are unable to confirm whether or not **AI Capital China** has any interest in this action or any equity interest in Link Motion Inc. (“Link Motion”). I note that in July 2018, Link Motion announced that **China AI Capital Limited** had agreed to invest \$20 million in Link Motion (the “July 2018 Investment”).¹ Although **China AI Capital Limited** has a similar name to **AI Capital China**, there is no evidence that **AI Capital China** is related to **China AI Capital Limited**, or that **AI Capital China** had any involvement in the July 2018 Investment. This could be an inadvertent error, however, without additional supporting evidence there is no way to independently confirm this.

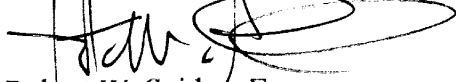
While we have seen no evidence of a relationship between **AI Capital China** and **China AI Capital Limited**, I believe it would be prudent to inform the Court of the following. The Receiver is investigating whether **China AI Capital Limited** is a possible “front” for Link Motion’s former Chairman Vincent Shi, and whether the July 2018 Investment was procured by Mr. Shi through fraud. This observation is based upon evidence uncovered of unexplained multi-million dollar transfers between Link Motion’s Hong Kong bank accounts (controlled by Mr. Shi) and a director of **China AI Capital Limited**. In fact, Link Motion announced in a September 25, 2018 press release that it had not received the second \$10 million payment and that certain conditions had not been met in order to close the transaction. The press release goes on to say that an extension was agreed upon pushing the closing date to November 19, 2018². To date, the Receiver has found no evidence of the second \$10 million payment. We also understand that Link Motion’s former outside counsel objected to the July 2018 Investment because Link Motion was

¹ See Link Motion’s July 19, 2018 press release, attached hereto.

² See Link Motion’s September, 2018 press release, attached hereto.

unable to demonstrate that the transaction had a legitimate business purpose. My investigation of these matters is ongoing.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'R. Seiden', with a large, loopy flourish extending to the right.

Robert W. Seiden, Esq.
Court-Appointed Temporary Receiver for Link Motion Inc.
Encl.

EX-99.1 2 tv498986_ex99-1.htm EXHIBIT 99.1

Exhibit 99.1

Link Motion Welcomes China AI Capital Limited as New Anchor Shareholder; Announces Changes to its Board of Directors

BEIJING – July 19, 2018 – Link Motion Inc., (NYSE: LKM), a leading smart car and smart ride company, today welcomes China AI Capital Limited (“China AI”) as a new anchor shareholder and announces corresponding changes to its board of directors.

China AI agreed to invest US\$ 20 million into the Company by purchasing 70,175,439 Class B common shares (Class B Shares), or the economic equivalent of 14,035,088 American depository shares (ADSs) each representing five (5) Class A common shares for a purchase price of \$0.285 per Class B Share, or the equivalent of \$1.425 per ADS. This represents a 25% premium over the closing price per share on July 16, 2018 of the ADSs on the New York Stock Exchange. At the time of the signing of the subscription agreement for the purchase of the Class B Shares, China AI paid an initial US\$10 million of the total US\$20 million purchase price. The remaining US\$10 million of the aggregate purchase price is scheduled to be paid, subject to certain customary conditions, on or before September 19, 2018. Each Class B Share, like all of the Company’s other 50.35 million Class B common shares outstanding prior to the transaction, has ten votes per share, providing our new anchor shareholder with an effective control position and a powerful incentive to contribute mightily to the Company’s success.

In conjunction with China AI’s investment, the Company today also announced changes to its board of directors. Effective today, the Company has appointed Mr. Rui Chi and Mr. Bruson Li as new members of its board of directors. In addition, Mr. Ding Chun has tendered his resignation as an independent director of the Company effective immediately due to personal reasons.

Mr. Rui Chi is a highly respected senior banker with more than 20 years of financial industry experience. Mr. Chi has held important positions in many recognized financial institutions in China and abroad, including Morgan Stanley, Credit Suisse, Deutsche Bank, and China Merchants Bank. Mr. Chi graduated from Nankai University.

“I’m excited to be joining Link Motion’s board at this exciting inflection point,” said Mr. Rui Chi. “I believe the Company’s future in the Smart Ride and Smart Car space attractively positions them in some of the most important growth sectors of the future. I look forward to helping to bring the Company new partnerships and other opportunities in the internet and automotive industries.”

Mr. Bruson Li is currently the founder and CEO of HH Medical Group which provides online medical consulting services. He has more than 10 years’ experience in business operations and strategic investments. Mr. Li was formerly an executive vice president of NQ Mobile Inc from 2010 to 2015. He graduated from Beijing Jiaotong University with a B.S. in Computer Engineering.

“I believe Link Motion’s future is brighter than it has ever been,” said Mr. Li. “I am very pleased to have this opportunity to rejoin this Company and I look forward to helping the Company achieve its greatest value and achievements yet in the future.”

“I would first like to thank Mr. Ding Chun for his contributions to the Board of Directors and his service. At the same time, we welcome China AI as an important and strategic new shareholder.” Said Dr. Vincent Wenyong Shi, Chairman of Link Motion Inc. “We are excited about Mr. Chi and Mr. Li joining our Board. We look forward to joining together with them and others as we focus on executing our Smart Ride and Smart Car business.”

Link Motion Announces Update on China AI Capital Investment

BEIJING – September 25, 2018 – Link Motion Inc., (NYSE: LKM), a leading smart car and smart ride company, today announced an update on the China AI Capital Limited (“China AI”) investment in the Company. On July 19, 2018 the Company announced that the Company and China AI entered into a subscription agreement (the “Subscription Agreement”), under the terms of which China AI agreed to purchase 70,175,439 Class B common shares (Class B shares), or the economic equivalent of 14,035,088 American depository shares (ADSs) each representing five (5) Class A common shares of the Company, for a purchase price of \$0.285 per Class B share, or the equivalent of \$1.425 per ADS. At the time of the signing of the Subscription Agreement, China AI paid an initial US\$10 million of the total US\$20 million purchase price, the remaining \$10 million of the aggregate purchase price was to be paid, subject to customary closing conditions, on or before September 19, 2018. However, as of this date, the Company has not performed or completed certain closing conditions as required under the Subscription Agreement, including the filing of its annual report on Form 20-F for the year 2017. Therefore, the Company and China AI have agreed to extend the closing date to November 19, 2018 to provide for sufficient time for the Company to be able to fulfill its obligation to meet the required closing conditions.
